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# Free the Eagle's STATE OF THE NATION

A Monthly Action Report

Howard J. Ruff—Chairman



## FTE, Grace Caucus join forces

Free the Eagle Field Director Pam Dewey meets with Rep. Beau Boulter, R-Texas, founder and chairman of the Grace Caucus, to discuss action to implement the Grace Commission recommendations. For details, see *State of the Nation's* interview with Boulter on page 5.

## Optional flat tax proposal introduced to Capitol Hill

Which would you prefer: paying taxes under the current system—with its many tax rates, exemptions and deductions—or a simple "flat rate" tax on your gross income?

On July 22, in testimony on Capitol Hill, Free the Eagle introduced an optional flat tax proposal that would give you a choice between the two.

Speaking before the House Ways and Means Committee, FTE Legislative Director John Houston emphasized that FTE's proposal aims at giving tax relief to individual taxpayers.

The optional flat tax proposal, conceived by economist Mark Skousen, was originally recommended by FTE Chairman Howard J. Ruff in response to then-Treasury Secretary Donald Regan's request for Ruff's input into tax reform.

"The present tax code is unpopular because it is too complicated, has become the playground of special interests, and discourages productive economic activity," Houston said.

"Flat taxes have failed to win widespread acceptance because no

*The optional flat tax allows Congress to meet the needs of the individual taxpayer while avoiding the obstacles of special interest groups.*

one could articulate how they could be fair when applied to all income groups.

"The test of a flat tax is not whether it can be used to preserve deductions, but rather if it can be made both fair and equitable to the majority of taxpayers. We believe our proposal is both."

Congress faces the monumental  
See **FLAT TAX**, page 4

## South Africa bill aims at whites, shoots at blacks

STAT

Why would Congress want to put 600,000 South African blacks out of work, leaving 3 million blacks without income for food and shelter?

That's what will happen if the anti-apartheid bill currently before Congress is passed. The bill, a joint House and Senate conference committee compromise, bans importation of the Krugerrand.

The House has already passed the compromise measure, but Senate Majority Leader Robert Dole, R-Kan., agreed with Free the Eagle to postpone a Senate vote on the bill until after Congress' August recess. That gives us a month to stop it.

The bill is radically different from the original Senate bill, which did not include a ban on Krugerrand importation, that was acceptable to the White House. President Reagan is seriously considering vetoing the compromise bill if it is passed. We

must apply pressure now.

As demand for the Krugerrand declines, South African mines could close, leaving those 600,000 miners jobless. Since most of those 600,000 South African miners are responsible for feeding a family, this ban would affect nearly 3 million black men, women and children!

Congress says this legislation is humanitarian in nature because it attacks apartheid. Free the Eagle says it is anything but humanitarian; it aims at the whites and shoots the blacks. It should not be passed.

Free the Eagle Chairman Howard J. Ruff strongly maintains that political issues have a profound impact on investment decisions, and the South Africa situation is a prime example. Banning importation of the Krugerrand will reduce their  
See **SOUTH AFRICA**, page 2

STAT

## Where the Action Is

Dear Friend,

I know how outraged and angry you feel about the brutal Soviet invasion of Afghanistan.

When will President Reagan do something to stop Soviet terrorism in Afghanistan?

To be perfectly honest, my friend, I think there is one simple reason why our government does nothing to stop the Soviet Union:

It's because certain public officials—namely John McMahon—refuse to carry out American policy.

In a minute, I'll be more specific. But first, let me tell you of the latest events in Afghanistan.

I'm sad to say that events there have taken a turn for the worse lately.

Last month, the Soviets un-

leashed massive air strikes against the Afghan people—not just against the freedom fighters, but against peaceful civilians as well.

Why? Because Soviet dictator Mikhail Gorbachev wants to wrap up the conquest of Afghanistan. He's anxious to consolidate his power over the Soviet empire.

And he wants to prove to the world he is decisive and ruthless.

Gorbachev wants a quick victory. So he has stepped up his air-born genocide—pounding Afghan villages day after day, burning.

See **AFGHANS**, page 6



Neal B. Blair



Howard J. Ruff

## From the Publisher

Last Sunday I attended a wonderful patriotic service at Brigham Young University. The Mormon Tabernacle choir sang great patriotic songs, and Sen. Jake Garn delivered a poetic and profound message of love for America, the best I have ever heard from a public personality. It literally moved me to tears.

He made some gut points about freedom and opportunity in America, compared to the rest of the world.

As I lay in bed that night, my mind raced as I pondered about you, my readers, and the country we live in.

You show me another country where the government couldn't arbitrarily gag us if they chose. Although sometimes the wheels of justice turn slowly, the inspired system created by our Founding Fathers still works.

They pledged "our lives, our fortunes and our sacred honor." To them, these were more than high-sounding words.

Any objective 1776 observer (a newsletter writer, perhaps?) hearing that phrase would have had to forecast that after the war, of those three things they had pledged, only one would be left.

Their fortunes would have been confiscated and they would have been hanged as traitors.

You must understand their agony. They had grown up in the colonies as loyal British subjects, protected by British law, steeped in British tradition. They were not

**America was conceived on July 4, 1776, but the real birthday of our country is the day the Constitutional Convention came to agreement.**

conquered subject races, as in India or Africa.

King George changed all that when he imposed "taxation without representation" to rape the colonies financially, and then sent hordes of tax collectors without regard to their rights under English law.

Finally, those who had the most to lose, many of them wealthy, were forced to rebel against the Mother country. Add to this the fact that England was at the absolute peak of its imperial power, with the greatest navy the world had ever known. And this

undermanned, underarmed colony took on that empire pledging their lives, their fortunes and their sacred honor.

Many of them lost their fortunes, and some died. Benjamin Franklin spent the last part of his life trying vainly to be reimbursed by Congress for personal monies expended in the causes of freedom.

Even more incredible than the fact that we won the Revolutionary War was the incredible leap forward represented by the Constitution. America was conceived on July 4, 1776, but the real birthday of our country is the

an experiment in freedom from government.

He said that government was a "singularly dangerous beast that must be chained," and the Constitution was the chain that was forged. It assumed that men would sort out disputes, provide for the common defense and regulate commerce between states.

It was assumed that there were shared values, that most men were honorable, and that certain virtues were practiced generally—hard work, self-sufficiency, integrity, a sense of enterprise and a desire for unlimited opportunity.

But the real backbone of the Constitution was the Bill of Rights, which guaranteed freedom for all of us. The incredible miracle of Philadelphia has provided a free, stable, prosperous system with orderly transfers of power for almost 200 years.

I thank God night and morning that I live in the nation which is the closest to God's plan of free will for man of any nation that's ever been on the face of the earth.

Because of Jake Garn's reminder of the sacrifices made by those brilliant and inspired men who founded this country, I am so grateful to be an American.

With all of the things that may be wrong with our politicians, America is still a miracle. The American Dream is still alive and well, and I intend to play whatever small part I can in defending it.



Howard J. Ruff's

## STATE OF THE NATION

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Free the Eagle is a non-profit citizen's lobby with headquarters in Washington, D.C. It represents the middle class investor and everyone else concerned with making America stronger, with less government spending and more personal freedom.

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## SOUTH AFRICA

Continued from page 1

value, hurting those who have already invested in them.

Free the Eagle is appalled that Congress is proposing action that will harm both South African blacks and American investors.

But we may be able to stop it if you act now.

This bill constitutes a radical departure from White House policy of constructive engagement, which gives us the leverage we need to block this legislation.

Write President Reagan **today** and tell him the economic sanctions imposed by this bill will only harm the blacks in South Africa.

President Reagan says, "When I feel the heat, I see the light." Let's turn up the temperature a few degrees.

Here's a sample of what you should tell President Reagan:  
Dear President Reagan:

The "anti-apartheid" legislation proposed by Congress really aims at the whites and shoots at the blacks. The economic sanctions proposed will only hurt the blacks by putting

hundreds of thousands of miners out of work.

Congress is also tampering with my financial freedom by prohibiting the importation of Krugerrands.

Your policy of constructive engagement is much more effective toward abolishing apartheid than economic sanctions.

Please, Mr. Reagan, veto this repressive bill if Congress passes it.  
Sincerely,

Your Name

Address your letter to:  
President Ronald Reagan  
The White House  
1600 Pennsylvania Ave.  
Washington, D.C. 20500

Also remember that the Senate hasn't voted on the bill yet. Senators can feel heat too, and we may be able to stop the bill's passage in the Senate if we let them know immediately how strong our opposition is.

Write your senators today and tell them not to vote for anything that would hurt South African blacks and prevent your investing in Krugerrands.

Free the Eagle is a non-profit organization, but by specific design of Congress, contributions to Free the Eagle are not tax deductible. If you prefer to make a tax deductible contribution, you may contribute to our sister organization, the Ruff Foundation, which researches economic, free market matters.

## FTE urges congressmen to join Grace Caucus

Free the Eagle is actively lobbying members of Congress to join the Grace Caucus, but we need your help to muster the support for this important group.

A Senate Grace Caucus has just been started and is in the process of recruiting members. The Grace Caucus in the House of Representatives currently has 81 members. (For more details on the Grace Caucus, see our interview with Rep. Beau Boulter, R-Texas, on this page.)

These groups plan to spearhead important waste-cutting legislation in the months ahead, and FTE will be right beside them in the battle of the deficit busters.

Write your senators and congressman and ask them to join the Grace Caucus and help stop wasteful government spending. The impact these groups have will increase with its members.

*"It's so easy to let special interest groups grab the headlines and beat up on the congressmen trying to represent the broad interest of everyone."*

## 'Decision to win' needed for Afghanistan now

Time is running out for the brave men, women and children of Afghanistan who risk their lives daily for freedom. They may not have many days left.

Why? Because of America's incision.

It's time for Americans—from President Reagan on down to the average citizen—to decide the Afghan freedom fighters can triumph over their Soviet oppressors and to take the actions necessary to make it happen.

A wise man once said, "Whether you think you can or you can't, you're right." Our lack of a "decision

## Boulter leads group to implement reforms

# FTE and Grace Caucus to fight government waste

As a further step to fight government waste through implementing the Grace Commission recommendations, Free the Eagle has joined forces with the Grace Caucus—a group of congressmen working for the same goal.

The bipartisan Grace Caucus, comprised of 81 members of the House of Representatives, is in the process of reviewing the recommendations.

"When I came to Congress, I thought there would be a group of people working on the Grace reforms in the House," said Rep. Beau Boulter, R-Texas, chairman of the Grace Caucus. "But I discovered there was no constructive activity."

So in April, Boulter formed the Grace Caucus—a group dedicated to implementing as many of the Grace Commission's 2,478 recommendations as are politically feasible.

The Grace Commission—a private sector task force organized in 1981 by J. Peter Grace, president of W.R. Grace & Company, at the request of President Reagan—says the federal government could save \$424 billion over the next three years if all 2,478 recommendations were implemented.

"Of course not all the recommendations will be implemented," Boulter said. "But we know if we save \$100 billion it's significant."

"We have 14 task forces that analyze all the recommendations, categorizing them into one of the 14 categories and identifying dollar savings that can be achieved."

This review will continue during Congress' August recess, and the caucus should be ready to target specific issues by September, Boulter said.

Once the review is completed



Boulter established the Grace Caucus in April to work toward implementation of as many of the Grace Commission's 2,478 recommendations as are politically feasible.

and specific issues are identified, Free the Eagle will work closely with the caucus to pass waste-cutting reforms.

Free the Eagle and its supporters can have a significant impact in the waste-cutting battle by mounting pressure now.

"It's so easy to let special interest groups grab the headlines and beat up on the congressmen trying to represent the broad interest of everyone," Boulter said.

"What's important is for congressmen to know they're doing the will of the majority of the people they represent, regardless of what some vocal groups may say."

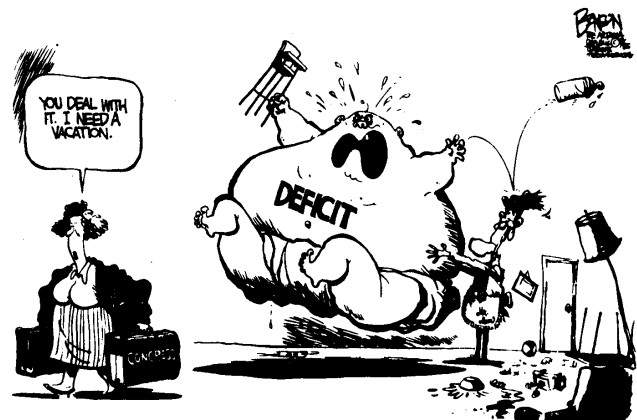
Call or write today and tell your elected representatives to help pass the Grace Commission recommendations. Urge them to join the Grace Caucus to help fight waste.

Your cards, letters and phone calls to your senators and congressman do make the difference.

FTE's battle against govern-

ment waste began in October 1984 with a major petition drive, telling Congress to cut wasteful spending. This alliance with the Grace Caucus will give FTE and its supporters even greater impact in the fight.

*"When I came to Congress, I thought there would be a group working on the Grace reforms in the House. But I discovered there was no constructive activity."*



## AFGHANS

Continued from page 1

maiming and mutilating thousands of terrified people.

His unchallenged air raids even bomb hospitals, killing hundreds of helpless patients.

Ironically, an overwhelming majority of Americans would gladly give the Afghan freedom fighters the weapons they need to protect themselves from this airborne terror.

President Reagan has pledged to send effective weapons and supplies to the Afghan freedom fighters.

And last October, Congress

unanimously voted—for the first time ever—to supply effective aid to the freedom fighters.

Then Congress approved the largest budget ever for a covert paramilitary operation—\$280 million.

Those votes came after Free the Eagle asked many of you last September to write and demand effective aid for the Afghan freedom fighters.

Those letters made a difference!

Yet, despite the Reagan administration's official policy, the unanimous vote of Congress and the overwhelming support of the American people...

Neither our State Department nor the Central Intelligence Agency will send workable weapons to the Afghan freedom fighters!

As we've told you in *State of the Nation*, the weapons the CIA sends the freedom fighters—mortars, rifles, mines, machine guns and hand-held missiles—are old and defective.

And 85 percent of the ammo is of the type that won't pierce the armored gunships that at this very moment are burning, killing and maiming the Afghan people.

It's no wonder Soviet air attacks on Afghan villages are so brazen—and deadly.

Day after day, they maim and mutilate innocent Afghans—men, women and children who have no means to protect themselves.

We could cite many more examples...

Examples of how the CIA has failed to supply the Afghan resistance with effective weapons and supplies...

Examples of how the CIA has failed to carry out the mandate for Afghan aid from the Administration, from Congress and from the American people.

Why does the CIA persist in failing to supply the Afghan freedom fighters with effective weapons?

Who's behind this massive—and deadly—blunder?

To find out, Free the Eagle has done some detective work.

With the help of some of our sources, we tracked down and uncovered the specific individual responsible for this.

His name is John McMahon. He's a deputy director of the CIA—one of the top officials there. And John McMahon has the task of carrying out the administration's Afghan policy.

But for three years, McMahon has pursued his own Afghan policy!

McMahon runs a two-track Afghan program: a program of disinformation and a program of interference.

In secret briefings to congressmen, McMahon has painted a misleading picture of CIA performance in Afghanistan, calling it "outstanding."

Now, perhaps John McMahon thinks he's right. And perhaps he thinks he's doing what's best for America and for the Afghan people.

But the fact is: he's wrong. He's negligent or incompetent, or both.

John McMahon must go! Yet only President Reagan and his top advisors can force the State Department and the CIA to obey his administration policy, Congress and the American people.

Thus, the fight for Afghanistan is really not in the Panjshir Valley but rather right here in our own country—behind the doors of the White House.

It's time for the Reagan administration to hold John McMahon accountable!

That's why I ask you to sign the letter on this page to White House Chief of Staff Donald Regan, and then return it to me.

It asks Regan to see that Deputy Director John McMahon gets fired—for letting down both the Afghan and the American people!

With your help, we can and will oust Mr. McMahon! After all, he works for us!

Over the next three months, we plan to collect 50,000 letters to

## Who's behind this massive —and deadly—blunder?

Donald Regan—letters like the one on this page...

Letters demanding that Mr. McMahon be dismissed.

We will deliver these personally to Donald Regan's office.

So please sign the letter to Donald Regan. Then mail it to Free the Eagle in the postage paid envelope enclosed in this issue of *State of the Nation*.

At the same time, please help us to raise the other 50,000 letters by enclosing your contribution of \$25 or more to Free the Eagle.

The lives of too many innocent people cannot wait any longer.

For your contribution of \$25 or more, we will send you *Afghan Update*, the bulletin of FTE's sister organization, American Afghan Education Fund.

Many in Congress tell us *Afghan Update* is the only source that gives them the full story on the war in Afghanistan and CIA aid to the freedom fighters.

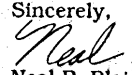
Send your gift of \$25, \$35 or more in the enclosed postage paid envelope.

We will report to you in *State of the Nation* on how our campaign progresses.

Once more, let me thank you for all you have done on behalf of these innocent people. It has been so heart-warming to see your efforts have such an effect in the last year.

So please rush your letter and contribution to us today because:

John McMahon must go!  
 These people just cannot wait any longer.

Sincerely,  
  
 Neal B. Blair  
 President

P.S. If you can get others to write White House Chief of Staff Donald Regan, please do so. But please sign and return your letter to us today so we can collect and deliver as many letters as possible.

## McMahon Must Go!

Dear Neal,

You're right. John McMahon must go!

I have signed the letter addressed to White House Chief of Staff Donald Regan, asking him to see that McMahon gets dismissed.

I am also including an emergency gift to help you in this project:

☐ \$15 ☐ \$25 ☐ \$35 ☐ \$50 ☐ \$100  
☐ \$150 ☐ \$250 ☐ \$500 ☐ \$1,000 ☐ \$\_\_\_\_\_ Other

Name \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

☐ Check enclosed Charge my ☐ MasterCard ☐ VISA

Credit Card # ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Expires \_\_\_\_\_ Signature \_\_\_\_\_

For my contribution of \$25 or more, I understand I will receive *Afghan Update* for six months.

Mr. Donald Regan  
 Chief of Staff  
 The White House  
 Washington, D.C.

Dear Mr. Regan:

As an American citizen who supports the Afghan freedom fighters, I ask that you see to it that John N. McMahon, a deputy director of the CIA, gets dismissed.

Mr. McMahon has the task of carrying out the administration's policy of aid to the Afghan freedom fighters.

But for three years, McMahon has pursued his own Afghan policy!

McMahon has been identified by congressional sources as failing to carry out in an effective manner the mandate of the Reagan administration, Congress and the American people for effective aid to the Afghan freedom fighters.

Instead, McMahon has run a program of disinformation and interference that prevents effective aid from reaching the Afghan freedom fighters.

To cover up his negligence and incompetence, McMahon has been spreading disinformation. In secret briefings to congressmen, he has painted a misleading picture of CIA performance in Afghanistan, calling it "outstanding."

Anyone with any sense of compassion for the Afghan people would have to agree: Mr. McMahon is crippling the Afghan's struggle for freedom.

As an American citizen, I will not tolerate negligence or incompetence by those charged with guarding my own freedom or anyone else's.

John McMahon must go!

The lives of many innocent people cannot wait any longer.

Thank you for your attention to this matter.

Sincerely,